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THE WHITE HOUSE

WASHINGTON

June 14, 1985

MEMORANDUM FOR RUSSELL R. MACK, JR.
SPECIAL ASSISTANT TO THE PRESIDENT AND
DIRECTOR OF PUBLIC AFFAIRS

FROM: FRED F. FIELDING *Orig signed by FFF*
COUNSEL TO THE PRESIDENT

SUBJECT: Domestic Briefing Materials

We have reviewed the proposed domestic briefing materials for the upcoming Presidential press conference and have the following comments.

First, the proposed responses to a question on the Supreme Court's recent school prayer decision, Wallace v. Jaffree, should be changed. In the second bullet item, "moment of silent meditation" should be changed to "moment of silence." The third bullet item suggests that the Court was wrong or should reconsider its decision because a large majority of the populace favors a different result. Since the basis of the Court's decision -- however erroneous -- was the Constitution, it is legally irrelevant how large a percentage of the public is opposed to the decision. The President should not appear to endorse Mr. Dooley's view that the Supreme Court should follow the election returns. I would have the third bullet item read as follows: "The Court's decision should cause us to redouble our efforts to pass a constitutional amendment permitting voluntary school prayer. Even three-quarters of the liberals in this country favor voluntary school prayer, so we should be able to achieve this goal."

Second, the description of the E.F. Hutton situation should be revised by deleting everything after the second bullet and inserting in lieu thereof the following:

- ° The E.F. Hutton situation involved a complex corporate money management policy using overdrafts on checking accounts to increase profits;
- ° The complexity of this investigation and the need to bring those fraudulent practices to a prompt halt and obtain a full and complete recovery of the victims' monies convinced the Justice Department to act as it did;

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- The result was that a large brokerage house admitted to 2,000 counts of fraud, paid a \$2 million fine, covered the costs of the government's investigation, and will make restitution to the banks;
- All things considered, RR agrees with the Department of Justice that the settlement and disposition was in the public interest.

Third, the discussion of controversial appointees should be revised by deleting the last three bullets.

Fourth, in the discussion of whether the President's tax plan favors Sun Belt states, we note that the description of the effect of our proposals on the Detroit auto worker assumes that the auto worker's wife will be a homemaker, rather than a wage earner. To preclude suggestions that the President's model American family has the wife at home, we recommend that this example include alternative descriptions of the wife. (For example: if his wife is a homemaker, she gets to put more money, tax free, into an IRA; if she is also employed, the reduction in rates will enable the family to keep more of the money both hardworking parents earn.)

Finally, in the listing of possible questions for the press conference, we suggest inclusion of a question relating to the charge that our proposal to eliminate the deduction for state and local taxes actually hurts those states that have been cooperating with the President's New Federalism program.

cc: David L. Chew

**WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET**

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Subject: Domestic Briefing Materials

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			Type of Response	Completion Date YY/MM/DD
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WHITE HOUSE STAFFING MEMORANDUM

DATE: 6/14/85 ACTION/CONCURRENCE/COMMENT DUE BY: 2:00 P.M. TODAY

SUBJECT: DOMESTIC BRIEFING MATERIALS

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	LACY	<input checked="" type="checkbox"/>	<input type="checkbox"/>
REGAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	McFARLANE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
STOCKMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OGLESBY	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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DANIELS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPRINKEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SVAHN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FRIEDERSDORF	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TUTTLE	<input type="checkbox"/>	<input type="checkbox"/>
HENKEL	<input type="checkbox"/>	<input type="checkbox"/>	MACK	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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REMARKS:

Please provide any edits directly to Russ Mack, Room 158, Ext. 7170 by 2:00 p.m. today, with an information copy to my office.

Thank you.

RESPONSE:

1985 JUN 14 11 8:48

David L. Chew
Staff Secretary
Ext. 2702

POSSIBLE QUESTIONS FOR JUNE 18 PRESS CONFERENCE

Tax Reform

1. You have said the state and local tax deduction is unfair because taxpayers in low tax states shouldn't have to subsidize itemizers in a few high tax states. But why should taxpayers in non oil-producing states have to subsidize tax breaks for oil producers in a few states?
2. You have often praised the generosity of the average American. Won't keeping the charitable deduction for itemizers while ending it for non-itemizers discourage the same small givers you have been praising?
3. While many Dems, like Tip and Rosty, have endorsed the idea of tax reform, many conservatives, including Jack Kemp and the editor of Human Events, have expressed some disappointment in your plan. Aren't you concerned about a lack of core support for your plan?
4. While initial polls showed enthusiasm for tax reform, isn't it true that with each passing week the momentum fades as the plan is nibbled to death on the Hill?
5. You've been cool to Rosty's suggestion of a fourth top rate. Yet with the biggest tax reductions going to those making over \$200,000, doesn't your refusal to raise the top rate play into the hands of those who call you plan a bonus for the rich?
6. Under your plan, the poorest and the richest taxpayers get the best deal. Yet the poor pay little in taxes to begin with, while the rich hardly need a tax break. Isn't that unfair to the middle class?
7. Some have suggested your plan favors the Republican base in Sun Belt states, since it benefits energy producers and high tech industries, while penalizing high tax states and smokestack industries. Won't the apparent regional bias lessen the plan's national appeal?
8. You have said corporations don't pay taxes, people do. By including a minimum corporate tax and raising the share of taxes paid by corporations, aren't you changing your previous views about corporate taxes?

9. Treasury I was a model of simplicity compared to Treasury II. Why didn't you keep it simple and go for a purer form of tax reform?

10. Don't you think it's ironic for you to be barnstorming for Republican Senate candidates on the same trips where you call for bipartisan support for your tax plan?

11. Having already cut back on student aid, isn't it a double blow for you to propose ending deductions for donations to colleges?

Budget

12. If, as you've often said, Social Security is self-supporting and not related to the deficit, why did you go along with the Senate's COLA freeze as a deficit reduction move?

13. Why is it a "cut" when the Pentagon's spending increase is reduced, but not a "cut" when Social Security's COLA is reduced or eliminated?

14. David Stockman is reportedly warning that according to private economists the Fiscal Year 1988 deficit may end up \$70 billion higher than that projected in the Senate's budget plan. Does this suggest we're losing ground in the deficit fight no matter what Congress does on your deficit reduction package?

15. Would you give up the Social Security COLA freeze in order to win back a defense department increase?

16. Some of your favorite proposals, like enterprise zones and tuition tax credits, were not included in either the budget or tax bills. Why aren't you actively pushing these proposals?

17. Both Chairman Gray and Senator Dole say some form of tax hike may be necessary to reduce the deficit, no matter what happens in the House/Senate budget conference. Is there any circumstance under which you'd swallow any form of anti-deficit tax increase?

18. GOP willingness to put Social Security on the budget table was based on an understanding that the Democrats wouldn't use it as a partisan issue. Now that they have and House Republicans are running away from it at top speed, do you feel betrayed?

Miscellaneous issues

19. The economy has had two straight quarters of very low growth, inflation is moving upward and the unemployment level has been stuck around the 7.3% level for a full year. Doesn't that sound a little like the "stagflation" you campaigned against in the last two elections, and what are your plans to get the economy moving again?

20. Your nomination of William Bradford Reynolds to be Associate Attorney General has provoked fierce attacks on his -- and your Administration's -- civil rights record. Aren't you asking for trouble by asking the Senate to promote the person who's become a symbol of antagonism to civil rights programs? ✓

21. At the start of your second term, both you and your spokesman promised that you'd be more accessible and have one press conference a month. In the five and a half months of this year, you've had just 3 press conferences, and if anything, your administration has become even less accessible than before. What happened to your promise to be more open?

22. A new Children's Defense Fund study says black children in America never had it so bad. In every measurement -- teen pregnancy, jobs, education, health care -- they're worse off than white children. Doesn't this suggest your policies have made a bad situation worse?

23. Some people in your political camp have questioned the integrity and the value of the Justice Department's Office of Special Investigations (OSI), the so-called Nazi-hunters. With the search for war criminal Dr. Joseph Mengele in the news, can you tell us whether you favor continuing OSI's work? ✓

24. What do you say to average Americans who see white collar criminals let off easy by your Justice Department in cases like the E.F. Hutton bank fraud racket? Isn't there a double standard between well-to-do crooks and common ones?

25. Does the recent Supreme Court decision barring an Alabama law that set aside school time for silent prayer confirm that even a more conservative high court won't mix church and state as much as many conservatives wish? ✓

26. Your tax reform plan eliminates the \$1 checkoff for public funding of presidential campaigns, something you've opposed for years. Isn't that using the back door to make a major change in elections policy?

27. Are you going to meet with homeless activist Mitch Snyder, who claims your administration reneged on your personal promise to create a model shelter?

28. A group of investors headed by Morgan Stanley & Co. says they'd give taxpayers a \$600 million better deal for buying Conrail than Norfolk Southern would, even though DOT has endorsed the Norfolk Southern offer. Are you convinced Norfolk Southern is the best deal, and that it won't hurt competition?

29. Did you consider Richard Nixon to have been an important source of advice during the '84 campaign?

30. Is it true that during the '84 campaign Nancy was sometimes scheduled to travel separately from you because she tended to make you too intense?

31. Do you believe the federal government is doing enough to protect the public against the kind of savings and loan or bank panics that recently struck Maryland and Ohio?

32. The American Association of State Colleges and Universities has reported that the number of minority students getting financial aid dropped more than 12% between the '81-'82 and '83-'84 academic years. Meanwhile, the Carnegie Foundation says your budget cuts would seriously threaten educational opportunity. How do you react?

33. Early in the second term you've suffered a string of defeats: on Contra aid, the MX missile, Bitburg. Does this mean the almost inevitable second-term downslide has begun?

34. Your political appointees have had a lot of trouble lately. Don Devine bowed out, so did an Education official after suggesting the handicapped are somehow responsible for their fate. Another appointee resigned after admitting she collaborated on a book containing racial slurs, and an SEC official resigned amid personal problems. Does all this turmoil over appointees concern you? ✓

ADDITIONAL DOMESTIC QUESTIONS FOR JUNE 18 PRESS CONFERENCE

1. If the Hill conferees produce a budget bill that contains no SS COLA freeze and no defense increase, will you veto it?

2. If there's a deadlock and the Hill sends you a continuing resolution, will you take a hard line approach and veto it to send a message to Congress?

3. Acting OPM Director Loretta Cornelius not only played a key role in Don Devine's downfall, but she's been firing conservative appointees. Why is she still heading OPM? ✓

4. Some critics believe the "pro-family" theme of your tax proposal really means using the tax code to guide more women back to traditional roles in the home. Won't your proposal have that effect?

BRIEFING MATERIALS ON DOMESTIC ISSUES
FOR THE PRESIDENT'S JUNE 18 PRESS CONFERENCE

TAX SIMPLIFICATION

General Points:

- o In all the debate over this or that provision of RR's tax proposal, shouldn't lose sight of the big picture:
 - taxpayers in every income group will benefit:
 - From lowered rates (IRS will never take more than 1 of 3 dollars you earn, compared to 1 of 2 now);
 - From pro-family features that raise standard deduction and personal exemption, make IRAs available to spouses at home;
 - From pro-growth features that help entrepreneurs and small businessmen and women create new jobs;
 - From pro-fairness provisions that make the code simpler and cut back loopholes by which some have escaped their fair share of taxes;
- o We'll pass America's Tax Plan because average American is fed up with the old system. Remember: many of same skeptics who in 1981 said Reaganomics wouldn't work now find fault with tax proposal. We proved skeptics wrong then, will do it again.

If state and local deduction is unfair to low tax states, aren't oil and gas breaks unfair to non-producer states?

- o Under our plan, oil and gas industries will lose some tax benefits and keep others. For example, oil depletion allowance is phased out except for wells producing fewer than 10 barrels a day (which otherwise might be abandoned);
- o Key point is that exploration and production won't be harmed. Remember damage to economy caused by '73 and '79 oil disruptions;
- o Energy independence benefits all Americans, regardless of state or tax bracket; it's a national security matter;

- o In contrast, state/local deductions primarily benefit upper income taxpayers in high tax states.
- o In fact, a wealthy taxpayer in Manhattan who itemizes gets a "rebate" on state tax he pays -- passing as much as half the tab to less affluent taxpayers -- who don't itemize -- in places like the South Bronx;
- o State/local deduction tempts some states to impose higher taxes than necessary. Under RR plan, with feds taking a smaller share, states genuinely needing higher revenues will be better able to raise them.

Won't ending charitable deduction for non-itemizers dampen generosity?

- o The deduction for non-itemizers isn't really what generates these contributions, so it shouldn't have much effect, if any, on giving. Americans are generous by nature;
- o By lowering rates, we're giving middle income taxpayers more after-tax income. That means they'll be better able to donate to charity;
- o Tax deductions may be an important motivation behind large charitable contributions, but RR doubts that most small givers do so for tax advantage.

Many Dems endorse tax reform, while many conservatives, including Jack Kemp and the editor of Human Events, have been disappointed by your plan. Worried by lack of core support?

- o RR shares goal of conservatives -- lower rates, more incentives;
- o Conservatives with us on those, while many on Hill like the fairness and simplicity features. Base for a congressional majority is there;
- o Problem is special interests -- people and organizations that put their own tax preferences ahead of goals of economic growth, fairness, simplification;
- o RR intends to keep pointing out how our plan is best for America, trusts that national interest will win out over the special interests.

Will momentum fade as package is nibbled on Hill?

- o Polls show overwhelming public support for tax simplification;
- o Newsweek poll shows 2 of every 3 Americans who've heard of RR's plan favor it. RR's televised tax address got second highest favorable response of any since 1981;
- o Three of 5 Americans agree present tax system is unfair;
- o There's clear bipartisan support on Hill;
- o If American public keeps the pressure on Congress, even the strongest special interests won't be able to stifle tax simplification this year.
- o Remember, skeptics back in 1981 said RR's program couldn't work, but it's given us strong growth, low inflation, 300,000 new jobs a month for 2 1/2 years -- at same time taxes were cut;
- o Skeptics were wrong then; they're wrong now.

By balking at 4th rate, aren't you helping the rich?

- o Our proposal does have a "fourth rate": it's zero;
- o To add a rate over 35% would undercut the purposes of simplification and incentives for investment and growth;
- o When marginal rates are high, the rich can afford to find tax shelters. It's the average guy who gets a break from lowered rates;
- o Obviously, in absolute dollars the highest income taxpayers get more of a reduction than those who earn and pay less, but that misses the point -- every single income group benefits under our plan, and so does the country;
- o The poorest get the greatest benefit: poverty level families are virtually freed from federal income tax entirely;
- o And for working Americans, no matter how hard they worked to earn overtime pay or raises for the rest of their lives, the IRS could never again take more than 35¢ out of any paycheck dollar.

Does plan favor Sun Belt states?

- o This is America's tax plan -- it's not a plan for any region or group or class;
- o A simpler tax code is simpler for everybody; a rate reduction is a reduction for everybody;
- o The plan will boost national economic growth, and that benefits everybody;
- o For a Detroit auto worker, for example:
 - he gets to keep, spend and save more of his paycheck and overtime earnings;
 - his wife gets to put more, tax-free, into an IRA;
 - his company gets lower rates, which could lead to expansion, and will sell more cars because buyers have more spendable income;
- o As for advantages to high tech industries, RR has seen a great many such firms outside the Sun Belt; they'll all benefit, and that means new jobs.

Why the switch on minimum corporate tax? Why hit business with larger tax share?

- o Remember, business rates are cut -- and every time that's been done (example: JFK) it's had beneficial results;
- o Minimum tax simply aims at those who haven't been paying their fair share;
- o RR believes businesses will find it worth giving up certain deductions (often prone to abuse) in order to gain lowered rates;
- o RR plan especially benefits new and small businesses, where most new jobs are generated:
 - the lowered corporate rates are graduated for small businesses in RR's plan;
 - with people investing more in IRAs and other investments, small businesses will have access to a larger supply of capital;
 - and since many small business owners file as individuals, rather than corporations, their businesses will benefit from lower personal rates.

Doesn't "pro family" really mean "pro traditional roles for women?"

- o Not at all. Pro family simply means giving the family a fair shake, whether a woman works outside home or not;
- o RR plan corrects unfairness:
 - personal exemption eroded badly by inflation; we double it and index it;
 - not fair for working spouse to get full IRA allowance and homemaker to get less;
 - all families, whether two-earner or not, benefit from lower rates and simplicity;
- o Women with careers benefit just as much:
 - as entrepreneurs, they get more incentive to take risks, start own businesses;
 - as wage-earners, they'll have less of their hard-earned paychecks taken by IRS as they move upward in jobs, get raises and promotions;
 - women at poverty line who work hard to make ends meet will be virtually exempted from paying federal income tax;
- o A tax system that's simpler and fairer offers as much to career women as to homemakers.

Inconsistent to blast Dems while asking their help?

- o RR doesn't feel he has been saying anything unfair. The tax plan stands on its own merits, has nothing to do with RR's campaigning for Senate candidates;
- o In any case it would be wrong for RR as President to fail to speak out on vital issues like Central America during trips, just because silence would be politically advantageous to tax bill;
- o It's possible to disagree with Dems on certain other issues yet agree on need for tax simplification. (After all, Tip seems to disagree with RR on almost everything but tax reform).

MISCELLANEOUS ISSUES

Worried about some bad economic signs?

- o Bottom line remains: we're in strongest sustained economic expansion in more than 30 years -- first time since JFK we've had growth with low inflation;
- o We've created 8 million jobs in 2 1/2 years;
- o Slowdown in past 9 months has simply put growth closer to that of average recovery;
- o Recent numbers look good in several areas:
 - Personal and disposable income up;
 - Housing starts strong;
 - Non-farm employment up by 345,000;
- o Especially good sign: interest rates falling:
 - Prime rate has been cut to 10%, lowest since '79;
 - Mortgage rates are lowest in more than 5 years;
- o Renewed expansion is likely after pause, since we're already seeing signs of renewed strength.
- o Note: both the personal spending and savings rates rose smartly in April, thanks to IRS tax refunds -- which is a sampling of what happens when government gives people back more of the money they've earned.

CIVIL RIGHTS

Brad Reynolds nomination

- o All the fuss about Brad Reynolds boils down to one simple fact:
 - Reynolds' (and RR's) critics on civil rights favor quotas and busing, and we don't;
- o Brad Reynolds' "offense" in the eyes of his critics is that he's faithfully carried out our policy of promoting a "color-blind" society -- one that doesn't treat Americans differently because of the color of their skin;
- o During Brad Reynolds' service at Justice, our record in every area of civil rights enforcement has been solid -- including equal rights for women, for the handicapped, at voting places, in housing and job sites;
- o In fact, you seldom see it reported, but we've often set records for prosecuting criminal civil rights violations. We've got a good record;
- o But we're not going along with the idea that civil rights means discriminating against one person in order to benefit another.

MEDIA

Why so few press conferences?

- o We said we'd try to have one press conference a month, and we're sticking pretty close to that. RR has had press conferences in January, February, March, May (Lisbon) and now June;
- o So, only missed one month in the first six of 1985;
- o RR has also given 20 interviews so far this year, and there've been plenty of other events open to coverage;
- o It's in the nature of things that media always want more access to President, but RR thinks ours has been an open administration. (Besides, we've done our best to make your lives interesting).

SOCIAL SECURITY COLA

Why did you go along with the Senate's COLA freeze?

- o Many Senators felt that was necessary for a fair package of budget reductions. Since the President can't dictate the federal budget, Senate wishes had to be considered; imperative to get a deficit reduction bill;
- o When budget finally passed, RR was sorry that they had departed from specifics of what Administration had proposed;
- o But RR glad at Senate's bottom-line: \$56 billion in savings;
- o No one should be fearful about their Social Security. Remember -- Under RR, SS benefits have risen \$120 for the typical retiree, and \$216 for the average retired couple. Remember also we slashed inflation, at great benefit to everyone who has a pension;
- o We saved SS and put it on a sound footing with bipartisan help; trying to do same with budget. RR regrets that some Dems back to their old tricks of demagoguing SS;
- o Hopes they'll join us in serious effort to reduce deficit. That would be one good way to help elderly.

SOCIAL SECURITY vs. DEFENSE "CUTS"

Why is it a "cut" when Pentagon spending increase is reduced, but not a "cut" when Social Security's COLA is reduced?

- o First off, not sure what will happen with SS COLA;
- o Secondly, defense program in different category from other parts of the budget. Defense budget is insurance policy to protect everything we Americans hold dear;
- o Finally, defense in constant dollars during the seventies was reduced, as domestic spending, including Social Security, kept even or got ahead of inflation;
- o Goal is to rebuild America's strength -- to promote peace and reassure allies. That requires more than just "keeping up with inflation."

CDF CRITICISMS

The Children's Defense Fund says black children have never had it so bad. Have your policies have made a bad situation worse?

- o No. In fact, many things have been getting better;
- o Head Start funding up a third since 1980;
- o Collecting a lot more child-support from delinquent fathers;
- o Overall infant mortality, including black infant mortality, is down since 1980;
- o But more needs to be done. Problem for black children is breakup of families, too much crime, lack of opportunity; We're trying to help:
 - With our tax-fairness plan, which gives lots of relief to the poor;
 - With enterprise zones, youth-opportunity wages for summer jobs, and strong economic growth;
 - With continued action against serious crime, down for the past three years;
- o If minority children are as bad off as some people say they are, then we hope those critics will join with us to treat serious problems with serious answers.

WHITE-COLLAR CRIME

People see white-collar criminals let off easy in cases like the E.F. Hutton bank-fraud racket. Isn't there a double standard?

- o RR believes in personal accountability for all crimes. Of course, that starts with violent crime against innocent citizens on the streets and in neighborhoods. Our anti-crime legislation gets tough in areas like parole, sentencing;
- o On white collar crime, we've cracked down on organized crime and on drug pushers;
- o As for the specifics of the E.F.Hutton situation:
- o 20-30 people in financial departments were defrauding banks by overdrawing checking accounts, to make their departments look more profitable;

- o Career prosecutors at Justice saw that something had to be done to raise the standards of corporate responsibility;
- o The result was that a large brokerage house admitted to 2,000 counts of fraud, paid a \$2 million fine, covered the costs of the government's investigation, and will make restitution to the banks;
- o All things considered, RR thinks the settlement was in the public interest.

BURGEONING DEFICITS

David Stockman thinks the 1988 deficit may end up \$70 billion higher than Senate's projections. Are we losing that fight?

- o Projections are not officially the Administration's -- we're sticking with ours;
- o If there is a disturbing deficit trend, it's because the economy is not growing fast enough;
- o With falling interest rates, our deficit-reduction plan, and the stimulus from our tax-fairness plan, America will have the growth needed to keep deficits on downward path.

CONTROVERSIAL APPOINTEES

You like to zing the bureaucrats, but your political appointees -- Reynolds, Gardner, Devine -- get you into the most trouble.

- o President makes 2,000 so-called political appointees and the collective record is very good;
- o Don Devine tackled the special interests and saved taxpayers \$18 billion. That's what RR calls competence;
- o Brad Reynolds believes in the "color-blind" policy most of us, including blacks, want. RR supports him all the way;
- o It may be that others, with less political experience, were too outspoken;
- o But private citizens can't write everything as if it might be thrown at them, out of context, years later by a Senator;
- o Anyway, RR wrote and said some blunt things as private citizen; America is still a marketplace of ideas, which is one of our strengths.

*Don't
surrender*




*Hull?
Don't
surrender*



SCHOOL PRAYER

Isn't the recent Supreme Court decision barring silent prayer in school a total disaster for your position?

- o There's not too much to cheer about in decision;
- o Except that it is the first time high court has spoken favorably of the "moment of silent ~~meditation~~^{ce}" idea;
- o When even three-quarters of the liberals in this country favor voluntary school prayer, then we can only hope the Court moves more decisively in the proper direction. 

FORLORN INITIATIVES

Enterprise zones and tuition tax credits weren't in either the budget or tax bills. Are you backing away from these ideas?

- o RR still thinks they are good ideas;
- o We actually got enterprise zones thru the Senate twice, but the House refused to act;
- o This is the year of deficit-reduction as well as tax-simplification. RR thought it best to not detract from either focus with other, more narrow tax initiatives.

RUNNING OUT OF STEAM?

You've suffered a string of defeats -- on Contra aid, the MX missile, Bitburg. Has the "second-term slide" begun?

- o Contra aid not a defeat -- turned out to be a responsible compromise with Congress, better than we had a year ago;
- o MX missile not a defeat -- RR has won the key votes and Geneva negotiators are stronger because of that;
- o Bitburg not a defeat -- West Germans appreciated it, and RR's approval ratings back here rose during the visit;
- o Initiatives on budget cuts, tax-fairness doing well;
- o We're in the fifth inning, and while we may foul a few pitches off, there are a lot more hits to come;
- o Besides, how could press think RR was anything but limber?

RR renegeing on Mitch Snyder agreement to help D.C. homeless?

- o Last November at RR's direction, (when Snyder ended his hunger fast), HHS reached agreement with him to upgrade a large homeless shelter in D.C.;
- o GSA is ready to make the improvements (several million dollars' worth), but Snyder now says he wants more;
- o RR sorry Snyder is dissatisfied, but HHS has acted in good faith; we've kept our promise. Will keep working with local officials to improve aid for Washington's homeless;
- o Nationally, we've taken several steps to help homeless:
 - we've given them unused space in federal buildings;
 - we're donating surplus food and surplus government property (clothes, refrigerators, etc.);
 - we've linked over 200 military commissaries with local food banks;
 - HHS has a homeless task force coordinating help by private groups and government.

Fewer minority students getting college aid from feds?

NOTE: American Association of State Colleges and Universities says there was a 12% drop in number of minority students getting college aid from '81-82 to '83-84.

- o Black participation in federal college aid programs went down slightly over the whole period of 1978 to 1983 (part of which was before we took office);
- o During that time federal student aid grew by 130%;
- o Today, half of all college students get some form of federal aid. So obviously aid is available;
- o In fact, we're trying to make it more available to lower income students by reforming eligibility rules so more aid goes to the neediest students;
- o It isn't fair for students from families earning over \$100,000 to get subsidized aid, and that's what we're trying to correct -- which will benefit minority students.

If Hill conferees produce budget with no SS COLA freeze and no defense increase, will RR veto it?

- o Most important duty RR has is to safeguard national security;
- o Will do our best to come out with a defense figure that at least keeps up with inflation;
- o To RR, that issue is much more critical than whatever Congress decides to do about SS;
- o As for a veto, RR doesn't like to talk about vetoing hypothetical bills. Wait till they're on his desk.

If there's a deadlock and Congress sends a continuing resolution, will RR veto, to send clear message to Hill?

- o A continuing resolution would be a terrible setback for our hopes of continuing this economic expansion;
- o A continuing resolution would mean a "hands-off" approach to domestic spending, which would mean letting the 1986 deficit stay over \$200 billion;
- o RR will do his job, which is to reserve judgement on vetos while keeping the pressure on for Congress to do the right thing;
- o And RR hopes that Congress does its job, by acting to safeguard the economy by decisively restraining spending.

THE WHITE HOUSE
WASHINGTON

JYK
subj

June 14, 1985

MEMORANDUM FOR FRED F. FIELDING

FROM: SHERRIE M. COOKSEY *SMC*
JOHN G. ROBERTS

SUBJECT: Domestic Briefing Materials

David Chew's office requested that you provide any comments or edits on the domestic briefing materials for Tuesday's Presidential press conference directly to Russ Mack by 2:00 p.m. today.

We have reviewed these briefing materials and recommend revisions in the following areas: school prayer, description of the E.F. Hutton case, comments on controversial nominees, and the responses to suggestions that the President's tax proposals favor the Sun Belt. Attached for your review and signature is a memorandum to Mack detailing each of those revisions. That memorandum also suggests another question that could arise with respect to the elimination of the deduction for state and local taxes.

Attachment

THE WHITE HOUSE

WASHINGTON

June 14, 1985

MEMORANDUM FOR RUSSELL R. MACK, JR.
SPECIAL ASSISTANT TO THE PRESIDENT AND
DIRECTOR OF PUBLIC AFFAIRS

FROM: FRED F. FIELDING
COUNSEL TO THE PRESIDENT

SUBJECT: Domestic Briefing Materials

We have reviewed the proposed domestic briefing materials for the upcoming Presidential press conference and have the following comments.

First, the proposed responses to a question on the Supreme Court's recent school prayer decision, Wallace v. Jaffree, should be changed. In the second bullet item, "moment of silent meditation" should be changed to "moment of silence." The third bullet item suggests that the Court was wrong or should reconsider its decision because a large majority of the populace favors a different result. Since the basis of the Court's decision -- however erroneous -- was the Constitution, it is legally irrelevant how large a percentage of the public is opposed to the decision. The President should not appear to endorse Mr. Dooley's view that the Supreme Court should follow the election returns. I would have the third bullet item read as follows: "The Court's decision should cause us to redouble our efforts to pass a constitutional amendment permitting voluntary school prayer. Even three-quarters of the liberals in this country favor voluntary school prayer, so we should be able to achieve this goal."

Second, the description of the E.F. Hutton situation should be revised by deleting everything after the second bullet and inserting in lieu thereof the following:

- ° The E.F. Hutton situation involved a complex corporate money management policy using overdrafts on checking accounts to increase profits;
- ° The complexity of this investigation and the need to bring those fraudulent practices to a prompt halt and obtain a full and complete recovery of the victims' monies convinced the Justice Department to act as it did;

- The result was that a large brokerage house admitted to 2,000 counts of fraud, paid a \$2 million fine, covered the costs of the government's investigation, and will make restitution to the banks;
- All things considered, RR thinks the settlement was in the public interest.
- At the same time, RR is confident that where an investigation reveals individuals with criminal culpability, the Department of Justice will not hesitate to prosecute those individuals.

Third, the discussion of controversial appointees should be revised by deleting the last three bullets.

Fourth, in the discussion of whether the President's tax plan favors Sun Belt states, we note that the description of the effect of our proposals on the Detroit auto worker assumes that the auto worker's wife will be a homemaker, rather than a wage earner. To preclude suggestions that the President's model American family has the wife at home, we recommend that this example include alternative descriptions of the wife. (For example: if his wife is a homemaker, she gets to put more money, tax free, into an IRA; if she is also employed, the reduction in rates will enable the family to keep more of the money both hardworking parents earn.)

Finally, in the listing of possible questions for the press conference, we suggest inclusion of a question relating to the charge that our proposal to eliminate the deduction for state and local taxes actually hurts those states that have been cooperating with the President's New Federalism program.

cc: David L. Chew

THE WHITE HOUSE

WASHINGTON

September 13, 1985

MEMORANDUM FOR TOM GIBSON
DIRECTOR, PUBLIC AFFAIRS

FROM: FRED F. FIELDING Orig. signed by FFF
COUNSEL TO THE PRESIDENT

SUBJECT: Domestic Briefing Materials
for Press Conference

Counsel's Office has reviewed the above-referenced briefing points. I suggest deleting the third and sixth bullet items under the AIDS/Public Schools category. I do not think the President should be in the position of reassuring people that the AIDS virus cannot be transmitted through casual or routine contact, when that may prove to be untrue with catastrophic results. There is much merit to the view that we should assume AIDS may be so transmitted, as many viruses can, until it is definitely proven that it cannot be. The last bullet item should be deleted as confusing. The previous items convey the President's view, and I do not think it helpful to say this is or is not a "civil rights" issue.

With respect to the talking points under the title "Federal Judge Selection/Too Political?", I have several concerns. Point 1 is unclear and should be deleted. The description of abuse charges as "moot" suggests that there possibly may be substance to them. As an alternative, the following Point 1 would be more appropriate: "This Administration looks for nominees who are intelligent and very well-qualified." Point 2, relating to the ABA ratings, supports this.

I have no objection to Point 3 or Point 4. However, the latter would be strengthened if it were followed by: "There is no 'litmus test.' This Administration is attempting to restore a balance on the Federal judiciary that does not exist now with the judicial activism we see. Judges should interpret the law, not make it or execute it."

Point 5 should also be deleted. It implies that politics may be involved, a position we are trying to disclaim in the earlier Points.

Finally, since questions about the Administration's appointment of women and minorities to the bench are frequently raised in the press, and might be the focus of an initial, or follow-up, question, you should provide the President with back-up materials describing the Administration's achievements in this area.

With respect to comparable worth, it seems that some mention should be made of the recent Ninth Circuit decision. I would add the following item as a new bullet between the third and fourth bullet: "The U.S. Court of Appeals for the Ninth Circuit recently rejected a comparable worth suit brought by state and local government workers against the State of Washington. That court decision reaffirms what we have been saying."

FFF:JGRFDKO:aea 9/13/85

cc: FFFielding

JGRoberts

DKOwen

Subj

Chron

D. Chew

THE WHITE HOUSE

WASHINGTON

September 13, 1985

MEMORANDUM FOR FRED F. FIELDING

FROM:

JOHN G. ROBERTS
DEBORAH K. OWEN

JGR
DKO (cc to judges)

SUBJECT:

Domestic Briefing Materials
for Press Conference

David Chew has asked that comments on the above-referenced briefing materials be sent directly to Tom Gibson by 2:00 p.m. today. The materials discuss tax reform, the budget, trade, agriculture, AIDS, judicial selection, revisions to E.O. 11246 (affirmative action), comparable worth, Hispanic poverty, the supposed lack of women appointees, immigration reform, congressional relations, and bank failures.

The AIDS briefing points consider the dispute over admitting AIDS-afflicted children into the public schools. The third bullet item contains the statement that "as far as our best scientists have been able to determine, AIDS virus is not transmitted through casual or routine contact." I do not think we should have the President taking a position on a disputed scientific issue of this sort. He has no way of knowing the underlying validity of the scientific "conclusion," which has been attacked by numerous commentators. I would not like to see the President reassuring the public on this point, only to find out he was wrong later. There is much to commend the view that we should assume AIDS can be transmitted through casual or routine contact, as is true with many viruses, until it is demonstrated that it cannot be, and no scientist has said AIDS definitely cannot be so transmitted. I would simply delete the third bullet item.

I would also drop the last bullet item, stating that the President does not view this issue as "a strictly civil rights issue." The previous points state how the President sees the issue, and it should be left at that, without introducing possibly confusing references to civil rights. Certainly civil rights concerns are implicated, and this is in that sense a "civil rights issue," but that does not mean countervailing concerns do not outweigh any civil rights claims.

Federal Judge Selection/Too Political?:

The briefing materials in this area make five points: (1) charges of abuses are "moot"; (2) the President's nominees have received "extremely high" ABA ratings; (3) judicial appointment is a "Constitutional right and responsibility of the Chief Executive"; (4) it has been the practice of this President and his predecessors to appoint judges "who share similar attitudes concerning the role of the judiciary"; and (5) it "sounds like some folks are finally getting around to harvesting sour grapes from last November." (Emphasis in original.)

Point 1 is unclear and should be deleted, in my view. The description of abuse charges as "moot" suggests that there possibly may be substance to them. As an alternative, the first point would more appropriately be the one you made in the National Public Radio interview: "This Administration looks for nominees who are intelligent and very well-qualified." Point 2, relating to the ABA ratings, supports this.

I have no objection to Point 3 or Point 4. However, the latter would be strengthened if it were followed by a Point similar to one you made in the NPR interview: "There is no 'litmus test.' This Administration is attempting to restore a balance on the Federal judiciary that does not exist now with the judicial activism we see. Judges should interpret the law, not make it or execute it."

Point 5 should also be deleted, even though it is probably true to a certain degree. It implies that politics may be involved, a position we are trying to disclaim in the earlier Points.

Finally, since questions about the Administration's appointment of women and minorities to the bench are frequently raised in the press, and might be the focus of an initial, or follow-up, question, it might be advisable for Mr. Gibson to provide the President with back-up materials describing the Administration's achievements in this area.

The E.O. 11246 points are noncommittal, simply noting that the President hopes for a color-blind society and would support changes to the extent they would further this goal.

The comparable worth points are incomplete in that they contain no reference to the recent Ninth Circuit decision. I would add the following between the current third and fourth bullets: "The U.S. Court of Appeals for the Ninth Circuit recently rejected a comparable worth suit brought by

state and local government workers against the State of Washington. That court decision reaffirms what we have been saying."

The attached draft response to Tom Gibson makes the foregoing recommendations.

Attachment

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

- O - OUTGOING
- H - INTERNAL
- I - INCOMING
Date Correspondence Received (YY/MM/DD) 1-7

Name of Correspondent: D. Chew

MI Majl Report User Codes: (A) _____ (B) _____ (C) _____

Subject: Domestic Breeding materials for Press Conference

ROUTE TO:

ACTION

DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>CUAT</u>	ORIGINATOR:	<u>85,09,13</u>			<u>1 1</u>
	Referral Note:				
<u>CUAT 18</u>	<u>D</u>	<u>85,09,13</u>		<u>S</u>	<u>85,09,13</u>
	Referral Note:	<u>see McCourt</u>			<u>2 PM</u>
<u>CUAT 21</u>	<u>D</u>	<u>85,09,13</u>		<u>S</u>	<u>85,09,13</u>
	Referral Note:				<u>2 PM</u>
		<u>1 1</u>			<u>1 1</u>
	Referral Note:				
		<u>1 1</u>			<u>1 1</u>
	Referral Note:				

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet
to be used as Enclosure

- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: Rebora - Pls look at action on judges.

Keep this worksheet attached to the original incoming letter.
Send all routing updates to Central Reference (Room 75, OEOB).
Always return completed correspondence record to Central Files.
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 9/13/85 ACTION/CONCURRENCE/COMMENT DUE BY: 2:00 p.m. today

SUBJECT: Domestic Briefing Materials for Press Conference

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	LACY	<input type="checkbox"/>	<input type="checkbox"/>
REGAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	McFARLANE	<input type="checkbox"/>	<input type="checkbox"/>
WRIGHT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OGLESBY	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUCHANAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CHAVEZ	<input checked="" type="checkbox"/>	<input type="checkbox"/>	RYAN	<input type="checkbox"/>	<input type="checkbox"/>
CHEW	<input type="checkbox"/>	<input checked="" type="checkbox"/> P <input checked="" type="checkbox"/> SS	SPEAKES	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DANIELS	<input type="checkbox"/>	<input type="checkbox"/>	SPRINKEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SVAHN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FRIEDERSDORF	<input checked="" type="checkbox"/>	<input type="checkbox"/>	THOMAS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HENKEL	<input type="checkbox"/>	<input type="checkbox"/>	TUTTLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HICKEY	<input type="checkbox"/>	<input type="checkbox"/>	<u>GIBSON</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HICKS	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
KINGON	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: Please give your recommendations/comments directly to Tom Gibson, with an info copy to my office by 2:00 p.m. today. Thanks.

RESPONSE:

David L. Chew
Staff Secretary
Ext. 2702

THE WHITE HOUSE

WASHINGTON

SEP 13 1985
September 13, 1985

MEMORANDUM FOR DAVID CHEW

FROM: TOM GIBSON *TG.*

SUBJECT: Briefing Materials for the September 17 Press
Conference

Attached for staffing are draft Presidential briefing materials
for the September 17 press conference.

BRIEFING MATERIALS ON DOMESTIC ISSUES
 FOR THE PRESIDENT'S SEPT. 17 PRESS-CONFERENCE

FAIR SHARE TAX REFORM

Central Points:

- o American people shouldn't lose sight of big picture:
 - Specific features of our tax proposal are important, but may lead American people to miss the forest for the trees.
 - Loopholes are being closed and special exemptions are being ended -- while tax rates are being cut across the board. The plan is revenue neutral.
 - RR wants to clear the tangle of rules that confuse most people and provide cover for others to avoid paying taxes -- Simplicity and Fairness.
 - Fairness -- this plan will help restore the confidence of the American people that the costs of government are being shared equitably.

Broad Support for Tax Reform:

- o Polls show that the American people want taxation that is fair.
- o Everyone that's ever hassled with tax forms ought to have some interest in tax-simplification.
- o Everyone that's ever wondered why the fellow next door making about the same income, with the same responsibilities, but pays less tax, has also wondered about fairness.

Other more important issues?

- o Recall the benefits that resulted from the last time we lowered tax rates -- which we propose to do again.
- o It proved to be the best anti-poverty program launched in over 16 years.
- o Since 1983, when the impact of those tax cuts began to take effect, the growth in poverty, growing since 1979, was halted. In 1984 poverty dropped by 1.8 million people.
- o Last month unemployment dropped to its lowest level in 5½ years.
- o Job creation, reductions in poverty, raised standards of living, more freedom for the American people -- rather important issues.

Tax Reform Timing:

- o RR believes we'll avoid playing politics and get a Fair Share Tax Reform proposal passed. Democrats and Republicans alike, House and Senate; this is truly a bi-partisan effort.
- o Dan Rostenkowski, Tip O'Neill, Bob Packwood, Bob Dole and many others have stated their commitments to tax reform and will all share in the credit for giving the American people tax fairness and simplicity.

Tax Reform/Some Non-negotiable items:

- o \$2,000 personal exemption; President Truman stood for a bigger personal exemption, and RR hopes the Democrats in Congress will remember his example.
- o Top rate of 35%; IRS will never take more than 1 of 3 additional dollars you earn, compared to 1 of 2 now.
- o Focus of reductions kept to benefit those at lowest income levels.

Tax Reform/Middle class and Families:

- o About two-thirds of middleclass families can expect a net tax cut.
- o Those households earning between \$20,000 and \$50,000 will average a federal tax reduction of 7% -- hundreds of dollars, saved each and every year.
- o Families at the lower end of the income scales would even benefit more:
 - incomes of between \$20,000 and \$30,000 will pay an average of 8.7% less in taxes.
 - incomes of between \$15,000 and \$20,000 will pay an average of 13.5% less in taxes.
- o For families, RR has established the so-called "Homemaker IRA," where we're allowing non-income earning spouses, both husband and wife, to each put \$2,000 in a tax-deferred savings account for retirement.
- o A Congressional committee, with Democrats in the majority -- the House Select Committee on Children, Youth and Families -- said our plan was the best of all those before Congress.

Tax Reform/Recent Proposal to Exclude Breaks for those with Pension Plans

- o Look at the whole pension landscape. The 401(k) tax break was put in before RR's administration expanded IRA's in 1981 -- and plans to expand them again.
- o The IRA is a fairer way to help people save for retirement; anyone can start an IRA, but 401(k) arrangements are available to only a portion of the private sector workforce.
- o By repealing 401(k) tax exemption, started under last administration, RR's tax proposal will remain revenue neutral -- while still bringing tax rates down.

BUDGET

\$2 trillion Debt Ceiling will soon need to be passed:

- o "Congress makes the budget, the President doesn't."
 - Jim Wright, Congressional Record 9/22/83
- o' In January, RR sent up a budget with 17 program terminations, worth what would have been \$60 billion in savings for FY '86.
- o Unfortunately for all Americans, the Congressional budget process has not delivered on any of those program cuts, and spending just keeps rolling along.

1981 Tax Cuts -- lower revenue -- responsible debt runup?

- o Overall, revenues have grown almost 23% under RR.
- o OMB estimates by end fiscal year 1985:
 - 1985 Revenues will have increased \$69.5 billion over 1984.
 - 1985 Spending will have increased \$95.5 billion over 1984.
- o RR has best record of trying to cut federal spending -- root of the deficit problem.

Vetoes on Appropriations Bills:

- o We are working with Congressional leadership and are communicating acceptable limits on individual appropriation bills -- if bills exceed these limits there will be vetoes.
- o The fiscal year ends at the end of this month. Congress has had plenty of time to pass funding bills to keep the federal government running.
- o RR hopes that we don't have a repeat of last year, where Congress' failure to pass acceptable spending legislation forced the closing of many government offices.

TRADE

Proposed Administration Legislation:

- o Being developed together with Congressional leaders to provide RR with greater ability to address unfair trade practices.
- o' Cannot have Free Trade without Fair Trade.

Fair Trade Enforcement/initiation of 301 cases:

- o Japan -- restrictions on selling U.S. leather goods
-- restrictions on selling U.S. tobacco products
- o South Korea -- restriction on U.S. insurance sales
- o E.C. -- unfair subsidies of canned fruits in foreign markets
- o Brazil -- restrictions on selling U.S. computer equipment

Protectionist Pressures:

- o RR shares the concern that certain jobs are being lost to overseas workers. However, there has been a net increase of almost 8 million jobs since the recovery began -- 330,000 jobs were created last month.
- o Unemployment has dropped to the lowest level in 5½ years.
- o You can't use declining numbers of jobs to justify protectionism -- Fact is, we are creating jobs at a record pace.
- o Protectionism is a boomerang. It always hurts the country which imposes it.

Shoes:

- o \$1 billion worth of protection would have cost American consumers \$3 billion.
- o Displaced workers to be retrained under targeted JTPA programs.

Textiles:

- o Administration has strengthened Customs enforcement of trade laws -- 800 textile seizures in last two years.
- o Proposed legislation conflicts with Multifiber Arrangement (which governs international textile trade) -- might mean abrogation of bilateral agreements with 34 other countries.

AGRICULTURE

Farm Credit Crisis:

- o Problems are severe. \$74 billion in loans; \$11 billion of which are problem loans.
- o However, there are sufficient resources within Farm Credit Administration for the problems to be addressed without a federal bailout.

Farm Legislation:

- o We need to get the government out of the business of farming. There appears to be agreement on that issue.
- o The unaltered spending of billions of dollars over the last two decades has brought no lasting improvements to America's farmers.
- o Movement toward a market-oriented farm policy, open access to foreign markets, increased exports, and a growing economy with a lid on inflation offer farmers the best solutions to their problems.
- o The Farm Bill currently in favor in the House appears to exceed its budget limits. RR has sent a letter to Congress outlining the acceptable features of a farm bill. As I have said before, I will veto budget-busting legislation whatever the sort. If its the farm bill, so be it.

"Farm Aid" Train/Concert:

- o RR welcomes the efforts of Merle Haggard and other Country Music stars in highlighting the plight of America's farmer.
- o Indeed, officials in the Administration have helped make the trip possible -- AMTRACK train at cost and cut red tape.
- o There is no denying there are acute financial problems for farmers in many parts of the country -- in many cases a product of the inflation expectations of the late 70's.

✓
4/13
C. ROBERT,
FRA

AIDS

Federal Efforts to Find a Cure:

- o AIDS education and research has been a top priority of the Department of Health and Human Services for over four years.
- o Over \$100 million is being spent on AIDS research and education in 1985.
- o RR recently approved revisions to my 1986 budget, increasing initial requests for AIDS research and education by \$41 million, for a total of \$126 million.
- o Leading scientists have stated that never before in history has so much progress toward understanding and combating a disease been made in so short a time.

AIDS/Afflicted Children Being Allowed to Attend Public Schools:

- o I have deep sympathy for the child and the parents of a child who is afflicted with this horrible disease.
- o I can understand the concerns of parents who are fearful of their child contracting the disease in public places.
- o However, as far as our best scientist have been able to determine, AIDS virus is not transmitted through casual or routine contact.
- o There is the need for greater research and answers.
- o And there is the need for rational consideration of the problems posed by AIDS -- considerations that balance public health concerns with those of afflicted children in critical stages of social development. We must not make them into modern day lepers.
- o I do not see this issue as some have framed it -- a strictly civil rights issue.

FEDERAL JUDGE SELECTION/TOO POLITICAL? -----

- o Charges of abuses in the selection process are moot.
- o RR's selections for judgeships have received extremely high ratings from the American Bar Association.
- o It is the Constitutional right and responsibility of the Chief Executive to appoint judges to the federal bench.
- o It has been RR's practice, as it has been the practice of ALL prior occupants of the Oval Office, to appoint judges who share similar attitudes concerning the role of the judiciary.
- o Sounds like some folks are finally getting around to harvesting sour grapes from last November.

AFFIRMATIVE ACTION/PROPOSED REVISIONS TO EXECUTIVE ORDER 11246 ✓

- o It is my hope that America will someday be color-blind, and that discrimination of any sort will be a thing of the past.
- o To the extent that revisions in Administration policies, regarding numerical goals and timetables would further this goal, I would support them.

COMPARABLE WORTH

- o It is not equal pay for equal work.
- o Equal pay for equal work is the current law and we have aggressively enforced the provisions of Title VII that protect against wage discrimination based on sex.
- o' Comparable worth is a system where bureaucrats or judges would arbitrarily decide what people ought to earn.
- o It would deny the rights of collective bargaining, and it would ultimately mean the loss of an untold number of jobs.
- o Any time you punch the marketplace, it punches back.
- o Today, women and men are freed of former stereotypes and may enter any field of work they choose.

POVERTY RATES AND HISPANICS

- o True, poverty rates for hispanics did not see the same dramatic declines as other segments of the population in 1984.
- o That was the only disappointment in an otherwise terrific batch of news -- the sharpest overall decline in poverty in 16 years.
- o However, there were dramatic increases reported for hispanic family income -- up 6.8% in one year -- the highest of any population group.
- o We are studying that apparent contradiction.

LACK OF WOMEN APPOINTEES?

- o RR's new Director of Public Liaison, Linda Chavez, probably doesn't share that view.
- o Connie Horner the first woman to ever head OPM or it's predecessor, the Civil Service Commission probably doesn't share that view either.
- o There are others in the Cabinet and on the Supreme Court you could check with as well.
- o Meanwhile, 5 of 7 Associate Directors in the Office of Presidential Personnel are women. They're filling a lot of senior slots in our Administration, and they're looking to fill them with qualified men and women.

IMMIGRATION

Do you back the current attempt at Immigration reform sponsored by Senator Simpson and Representatives Mazzoli and Rodino?

- o Since 1981, when we first submitted comprehensive reform legislation, we've been firmly in support of fair, workable and non-discriminatory immigration reform.
- o We have recently gone on record in support of Senator Simpson's bill, S.1200, urging only a few minor modifications having to do with farm workers.

CONGRESSIONAL RELATIONS

- o Very positive GOP Congressional Leadership meeting last week.
- o Identified issues for joint action -- Trade for instance.
- o Made clear my strong desires to see Tax Reform passed this Fall.

RECORD NUMBER OF BANK FAILURES -- 80 SO FAR IN 1985

- o The problems are being handled quietly efficiently by federal banking agencies -- FDIC for federally insured banks; FSLIC for federally insured Savings and Loans.
- o Reforms in interstate banking laws have allowed many failed or troubled financial institutions to be acquired by other stronger banks -- this has brought a greater degree of stability to the entire banking system.